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Summit segment: summit round tables

Summaries of multi-stakeholder round tables

Note by the Secretariat

Addendum

Summit round table C.1, on the theme "International Conference on Financing for Development: looking ahead"

Thursday, 21 March 2002 (afternoon)

Summary by the Co-Chairs

Guy Verhofstadt, Prime Minister (Belgium)

José Maria Aznar López, Prime Minister (Spain)

James Wolfensohn, President of the World Bank

1. Our perception is that in building up to the International Conference on Financing for Development, the international community has created the political space for unprecedented dialogue among all relevant stakeholders on financing for development. Certainly, the dialogue has not yet solved the key concerns of policy makers or policy advocates. However, we have seen actions on some issues that go beyond what only recently were called "the narrow limits of the possible". The Monterrey Conference has been a process of convergence, albeit far from complete.

2. Today, multiple stakeholders have managed to hold a rich discussion of their respective priorities, prescriptions and concerns. Heads of State and other senior policy makers, along with stakeholders from intergovernmental organizations, the private sector and civil society organizations, have been able to focus on priorities for advancing private and official financing for development and on conditions for effectively "staying engaged".

Private resources and investment

3. For private investment to play its role in development, an enabling environment is essential. Well established property rights are seen as indispensable

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for productive private investment and fully mobilizing domestic resources. However, the practical institution of effective property rights for all people, especially the poor, could be a long and complex process.

4. Some speakers noted that investment incentives need to be carefully designed. They may reduce risk for certain undertakings but should not completely insulate private investors from risk. It was suggested that sovereign guarantees of foreign investment be the exception and not the rule. Otherwise, they could lead to irresponsible investor behaviour and budgetary losses. Increasing information flows to investors, such as through an Internet-based clearing house, is a promising avenue of support of private investment.

5. Several speakers considered that neither private nor official investors will undertake some types of essential investments, such as large infrastructure projects, on their own. They suggested that official development assistance (ODA) continue to finance infrastructure investments, including co-financing with private investment, such as for water supply projects for the benefit of the poor. Important benefits are seen in the participation of users in the operation and maintenance of infrastructure facilities after they are built. It was also stressed that collaboration between the public and private sectors should be performance-oriented and accompanied by mutual accountability and transparency.

6. It was further stressed that other types of alliances between the public and private sectors could work successfully. Examples were given of successfully applying advanced information technology to assist developing countries in increasing education in Latin America. Public-private alliances are also helping poor communities to improve health care.

7. Participants noted a growing tendency of multinational corporations to make their operations in emerging markets more transparent and socially responsible, reflecting the changing demands of institutional shareholders, such as pension funds, as well as awareness by many corporations themselves of the need to change the ways they do business. In addition, government policies in developed countries towards the foreign behaviour of their multinational enterprises have been changing, albeit with a lag, and some speakers sought further progress in that area.

Public resources and investment

8. Several speakers noted that the commitment to the millennium development goals have imposed fundamental responsibilities on Governments. Investing in people — including in education, health, basic social infrastructure and social security programmes — is vital for overcoming poverty. It is also a very productive investment for economic growth. However, sustained government stewardship over those investments is required for efforts in those areas to be effective.

9. Several participants pointed out that the current substantial gap between external financing levels and needs puts at risk the success of the New Partnership for Africa's Development. A number of speakers stressed that adequate international attention is also required to combat poverty in the developing countries of Asia, Latin America and the Pacific.

10. ODA is recognized as an essential complement to domestic resources in the effort to reach the millennium development goals. ODA, when properly and effectively used and guided primarily by the needs of developing countries, can have

a major impact, as illustrated by some speakers, who gave examples of countries moving from recipient to donor status. Both the quantity and quality of ODA are critical. The Monterrey Conference has clearly focused on both, and has already produced some concrete results. Recent donor initiatives to significantly increase ODA levels, while steps in the right direction, are felt to be insufficient and calls were made for additional support. Several speakers also stressed the need to enhance ODA effectiveness through the efforts of donors and recipients and such measures as untying of aid, improved donor coordination and increased country ownership. Several speakers emphasized that capacity-building is essential for long-term sustainability. Some of the expenditure on armaments could be usefully utilized for development purposes.

11. Debt relief is also seen as holding the potential to release essential resources for poverty eradication and sustainable human development. The enhanced initiative for the heavily indebted poor countries has provided some progress, but there were also calls for further efforts to relieve developing countries of their unsustainable debt burden, including streamlining debt-relief mechanisms and strengthening the relationship between debt relief and development programmes. The United Nations and the Bretton Woods institutions were called upon to explore new approaches, such as collective debt cancellation by groups of countries and revised criteria for debt sustainability. There is also interest in developing the proposals for a new sovereign debt restructuring mechanism.

12. It was also suggested that innovative sources of financing, such as environmental taxes and taxes on currency transactions, be seriously considered, particularly in support of global public goods. In addition, it was suggested that the 1997 International Monetary Fund agreement for a special equity allocation of special drawing rights be implemented now. Moreover, significant efforts should be made to track down illicitly transferred public funds and repatriate them, within the context of a coordinated effort to combat corruption, including through an international convention on corruption.

Staying engaged

13. Many speakers wanted to capitalize on the positive spirit of the Monterrey Conference. Key concepts in the new dynamic between North and South are partnership, solidarity and good governance. Democracy, the rule of law, accountability, transparency and the fight against corruption are considered essential prerequisites for financing for development.

14. Ways were suggested to nurture and maintain the spirit of the Monterrey Conference for an effective follow-up to the Conference. A common interest in that regard is to turn the concept of mutual accountability into concrete practice at the international as well as at the national level.

15. According to several speakers, a first step at the international level is to institute frank and timely monitoring of the implementation of commitments and further requirements of the key partners in development, including developing countries, donor Governments and multilateral institutions, along with other stakeholders. Such monitoring, it was suggested, should be comprehensive and take a coherent approach to the financing of development. The monitoring of the millennium development goals could also make an important contribution in that regard.

16. The efforts of the United Nations to draw all relevant stakeholders together during the preparatory process to the Monterrey Conference has shown the potential results of close collaboration that should be enhanced in the follow-up to the Conference. It was also suggested that the democratization of global governance could be strengthened by making greater use of regional groupings of countries as intermediate forums to develop proposals and build consensus among Governments on the great challenges of tomorrow.

17. There is a distinct sense that the world must make the effort now, not later, to make the commitments made at Monterrey real in order to strengthen development and finally begin to conquer global poverty. The terrorist attacks of 11 September 2001 have had a profound impact on the world. There is no place to hide. There is no time to lose. We need to instil a sense of urgency in the public on the issue of poverty reduction. In conclusion, it was noted that although all of the stakeholders may not agree on everything there is a strong sense that the overriding objective of poverty reduction is shared by all.